

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WEBSTER COUNTY WATER)	
DISTRICT (1) FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY AUTHORIZING)	
CONSTRUCTION OF MAJOR ADDITIONS AND)	CASE NO.
IMPROVEMENTS TO ITS WATER DISTRIBUTION)	96-170
SYSTEM; AND (2) SEEKING APPROVAL OF THE)	
ISSUANCE OF CERTAIN SECURITIES, PURSUANT)	
TO THE PROVISIONS OF KRS 278.020, KRS 278.300)	
AND 807 KAR 5:001)	

O R D E R

By application filed May 8, 1996, Webster County Water District ("Webster") is seeking authorization to construct a \$1,459,732 waterworks improvement project. Project funding includes a \$580,000 loan from the Kentucky Infrastructure Authority ("KIA") and \$879,732 in Webster funds. The KIA loan will be for a 20-year term at an interest rate of 2.3 percent per annum.

The proposed construction will install water transmission lines as well as provide additional water storage facilities. Plans and specifications for the proposed improvements prepared by Turner Engineering Company of Nashville, Tennessee ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that all the water produced at Webster's treatment plant is transmitted to the Mt. Pleasant area where it is stored in a 300,000-gallon ground level storage tank

for distribution to customers. Some of the lines between the treatment plant and the storage tank are only 6 inches in diameter, causing a bottleneck in the distribution system. As a result of this bottleneck, Webster has had to curtail service for the past few years to large industrial users during times of peak system demand.

To alleviate this constraint, Webster proposes to construct almost 9 miles of 12-inch transmission main to provide an alternative route from its treatment plant to the Mt. Pleasant area. This will eliminate the bottleneck and allow large volume users to be served more directly. Another benefit of the transmission main is the potential for an emergency interconnect with the City of Sebree, Kentucky.

In addition, Webster proposes to construct two water storage tanks. One is a 545,000-gallon ground level tank in the Mt. Pleasant area to supplement the existing 300,000-gallon tank which has become inadequate. The other is a 300,000-gallon elevated tank in the Oak Heights area which is a separate pressure zone with no existing storage capacity. The Oak Heights area is the highest elevation on Webster's system and serves almost 300 customers.

The total cost of the proposed construction, after allowances are made for fees, contingencies, and other indirect costs, is approximately \$1,459,732. The public convenience and necessity require that the proposed construction be performed and a Certificate of Public Convenience and Necessity should be granted.

The Commission further finds that:

1. Webster should monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure

to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Webster should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

2. Webster should only install fire hydrants in those instances where the installation complies with the requirements of 807 KAR 5:066, Section 10(2)(b).

3. Webster should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

4. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

5. Webster should furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

6. Webster should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Webster should furnish, within 60 days of the date of substantial completion of this construction, a copy of "as-built" drawings and a signed statement of the Engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

8. The financing plan proposed by Webster is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Webster is hereby granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

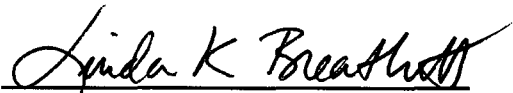
2. Webster's financing plan consisting of a \$580,000 loan from KIA and \$879,732 in Webster funds is hereby approved. The financing herein approved shall be used only for the lawful purposes specified in Webster's application.

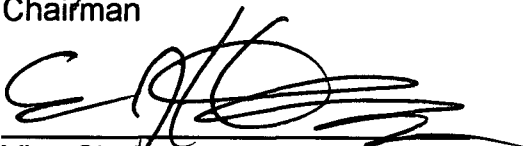
3. Webster shall comply with the requirements contained in Findings 1 through 7.

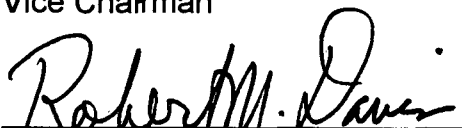
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 29th day of July, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director